recoveries in the 1st half of 2006-07 were Rs. 17517 crores or about Rs. 100 crore per day. Due to reduction in international oil prices effective October, 2006, the under recoveries have come down However. IOC continues to incur under recoveries in sale of domestic LPG, PDS Kerosene and diesel.

(c) With the declared intention of moving towards market-determined pricing for petroleum products, Government announced the dismantling of the Administered Pricing Mechanism (APM) effective 1.4.2002. Since PDS Kerosene and domestic LPG are fuels of mass consumption and largely consumed by the economically vulnerable sections of the society, it was decided that subsidies on these two products would continue on a specified flat rate basis to be met from the fiscal budget.

However, in view of the steep increase in international oil prices, the Government in June 2004 elucidated the principle which would govern its policy of containing the burden of increase in international prices on consumers of sensitive petroleum products. It was decided that the burden should be equitably shared by consumers, the Government and the oil companies. Thus, the full impact of the international price increase has not been passed on to consumers of sensitive products. There has been no increase in the price of PDS kerosene since March 2002, and no increase in the price of domestic LPG since November 2004. Only small increases have been made in the price of petrol and diesel.

(d) The Government has adopted the principle of equitable burden sharing amongst various stakeholders *i.e.* OMCs, the Government and the consumers. The Government has agreed to issue Oil Bonds worths Rs. 38,300 crore during the current financial year. The upstream oil companies would bear Rs. 24,000 crore in respect of under-recoveries suffered by OMCs in marketing of sensitive petroleum products during the current financial year.

Diversion of subsidized kerosene by oil mafias for adulteration

653. DR. GYAN PRAKASH PILANIA:
SHRI LALIT KISHORE CHATURVEDI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government are aware that the oil mafias siphon off kerosene meant to be sold at a subsidized rate through PDS;

(b) whether 40 per cent of subsidized kerosene, thus finds its way to adulterators;

(c) whether by eliminating S. Manjunath, UP mafia have sent a chilling warning:

(d) whether the chemical solvents are also mixed with petrol;

(e) whether two reports commissioned by the Ministry have said 'unscrupulous elements of Mafia proportions' are raking in Rs. 10,000 crore annually from the price differential by diversion of subsidized kerosene for adulteration; and

(f) what steps Government have taken to check the rot?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) , (b) and (e) For assessing the genuine demand requirement of kerosene in different State/UTs, the Government commissioned in December 2004 the first-ever comprehensive study of the subject through the National Council for Applied Economic Research (NCAER). In its report NCAER has estimated the siphoning off of kerosene for non-household purpose and diversion of kerosene as 18.1% and 20.5% respectively. However, no estimation of loss to the exchequer on account of adulteration in petrol and diesel is available.

(c) and (f) Efforts to tackle the menace of adulteration have been increased and there is no impact on such efforts due to the killing of late S. Manjunath. The details of various initiatives taken to contain menace of adulteration are as under:

(i) Under the Control Orders issued by the Government to prevent fuel adulteration, under the Essential Commodities Act, 1955, State Government are empowered to take action against those indulging in adulteration. Government have requested the State Governments/Union Territory Administrations to take steps to control adulteration.

(ii) OMCs undertake regular and surprise inspections of Retail Outlets and also take action under Marketing Discipline Guidelines (MDG) and Dealership Agreements against those indulging in adulteration and malpractices. MDG provide for termination of dealership in cases of adulteration being established.

(iii) Government has taken the initiatives of expedite the installation of Global Positioning System (GPS) to monitor the movement of tank trucks.

(iv) OMCs have introduced new tamper proof tank-truck locking systems to prevent en-route adulteration by transporters.

(v) Keeping in view the misuse/diversion of SKO for adulteration, the import of SKO by private parties has been canalized through OMCs.

(vi) As advised by the Government, Oil Marketing Companies (OMCs) have created a separate wing to report to a Director other than Director (Marketing), which will oversee and monitor all activities and operations to curb adulteration and specify norms and guidelines in this regard.

In order to check adulteration, the Government has recently taken a number of new initiatives which are annexed as *Statement.* (*See* below)

(d) Government is aware that the possibility of inducement for adulteration of petrol by some unscrupulous elements cannot be ruled out when there is price difference between petrol and various adulterants like Solvent, Naphtha etc. available in the market.

Statement

Details of new initiatives taken to check adulteration of petrol/diesel and streamlining PDS kerosene distribution

Checking adulteration is a continuous process and the Ministry of Petroleum & Natural Gas has been reviewing steps taken to curb adulteration from time to time. In the process, several technological and institutional measures have been taken to contain adulteration. The recent steps taken by the Ministry are summarized below:

1. **Automation of Retail Outlets:** In order to monitor the activities at retail outlets by adopting the latest technological improvements, automation of retail outlets is being implemented. MOP&NG has directed the oil marketing companies to complete automation of retail outlets selling more than 200 KL per month by Mach 2007.

2. **Third Party Certification of Retail Outlets:** OMCs have been directed to complete third party certification of all the retail outlets selling more than 100 KL per month by March 2007.

3. **Monitoring of movement of Tank Trucks through Global Positioning System(GPS):** In order to prevent adulteration during transportation, OMCs have been directed to install GPS for complete monitoring of the movement of all the company owned/dealer owned/ contractor owned tank trucks by March 2007.

4. **Marker System in Kerosene:** To check adulteration in auto fuels, Govrnment has asked public sector Oil Marketing Companies (OMCs) to take various steps, including introduction of marker in adulterants. OMCs have commenced introduction of marker in kerosene on all India basis with effect from 1.10.2006. Under the new system, Marker is being put in kerosene in all depots. This system hearalds the introduction of world class technology to curb and eventually eliminate the menace of adulteration of transportation fuels along the supply chain, With the marker's presence, adulteration even with very low levels of kerosene can be detected.

5. **Revising the Marketing Discipline Guidelines:** The Marketing Discipline Guidelines (MDG) under which the oil marketing companies take penal actions against the erring dealers have been revised during August 2005 making the panel actions more stringent. As per MDG, 2005, a dealership would be terminated in the first instance of adulteration itself.

6. **Jan Kerosene Pariyojna:** To streamline the PDS Kerosene distribution system and contain diversion of kerosene for adulteration and other unauthorized usages, Jan Kerosene Pariyojna(JKP) had been launched initially for a period of 6 months on a pilot basis in 414 blocks with effect from 2.10.2005. The Pilot scheme has been further extended upto 30.6.2007.

7. **Smart Card Scheme:** With objective of ensuring that the benefit of the subsidy reaches the targeted consmuers in an efficient and cost-effective manner and to prevent any leakages, this Ministry has proposed introduction of Smart Card System for distribution of PDS kerosene. The scheme is proposed to be introduced initially on an experimental basis in three districts — Latur in Maharashtra, Nalanda in Bihar and Nainital in Uttaranchal in 2007. In the Pilot project, subsidized kerosene through Smart Card is proposed to be available to BPL families while all other ration card holders would be given non-subsidized kerosene. Oil Marketing

Companies (OMCs) would ensure adequate availability of PDS as well as non-subsidized kerosene during the entire period of implementation of the Pilot.

Aerial survey in Bihar for discovering oil reserves

†654. SHRI DATTA MEGHE: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that a British Oil Company Cairn Energy has been allowed to conduct an aerial survey in Bihar in order to make discovery of oil reserves there;

(b) if so, the conditions on which agreement has been signed with this company;

(c) whether this company has also been allowed to conduct any such survey in any other part of the country; and

(d) if so, the names of these places?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) Yes, Sir.

(b) They have been permitted to carry out the survey after obtaining permission from Ministry of Civil Aviation and Ministry of Defence. The Contractor is required to obtain No Objection Certificates from Department of Atomic Energy and Geological Survey of India.

(c) No, Sir.

(d) Does not arise in view of the above.

Policy on supply of gas through pipelines

†655. SHRI DATTA MEGHE: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Government have decided to implement a National Policy in order to supply LPG through pipeline upto kitchen in certain cities;

(b) if so, in which cities cooking gas will be supplied through pipeline; and

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†Original notice of the question was received in Hindi.